

KANSAS MEDICAID STATE PLAN

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(j) This regulation shall take effect on and after January 1, 1999. (Authorized by and implementing K.S.A. 1997 Supp. 39-708c; effective May 1, 1985; amended May 1, 1986; amended May 1, 1987; amended May 1, 1988; amended Jan. 2, 1989; amended Jan. 2, 1990; amended, T-30-10-1-90, Oct. 1, 1990; amended Jan. 30, 1991; amended Oct. 28, 1991; amended Nov. 2, 1992; amended Jan. 3, 1994; amended Dec. 29, 1995; amended Jan. 1, 1997; amended Jan. 1, 1999.)

JUN 9 1999

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**State of Kansas  
Department of Social & Rehabilitation Services(SRS)/  
Department on Aging (KDOA)**

**INSTRUCTIONS FOR COMPLETING  
THE NURSING FACILITY  
FINANCIAL AND STATISTICAL REPORT  
(FORM MS-2004)**

**PURPOSE**

The purpose of this report is to obtain the resident-related costs incurred by nursing facilities(NF) and nursing facilities-mental health (NF-MH) in providing services according to applicable state and federal laws, regulations, and quality and safety standards. The regulations governing the completion of this report and NF reimbursement can be found in the Kansas Administrative Regulations (KAR), Chapter 30, Part 10.

**SUBMITTAL INSTRUCTIONS**

1. One blank Form MS-2004, Nursing Facility Financial and Statistical Report, is sent by the Administrative Services Commission to each nursing facility in the Kansas Medical Assistance Program before the end of the home's reporting period.
2. Send two copies of the completed form MS-2004 and one diskette of the form AU-3903 (Census Summary) for each month of the reporting period to the following address:

**Kansas Department on Aging  
New England Building  
503 S. Kansas Avenue  
Topeka, Kansas 66603-3404**

**Attention: Director, Nursing Facility Rate Setting**

3. All inquiries on completion of these forms should be directed to the Director, NF Rate Setting at (785) 296-0703.

**GENERAL**

1. Complete the forms accurately and legibly. Any report that is incomplete or is not legible shall be promptly returned to the provider. Failure to submit a complete cost report shall result in suspension of payment until the complete cost report is received.
2. All amounts must be rounded to the nearest dollar and sum to the total.
3. **DO NOT** add lines to the forms. Use "OTHER" lines for resident-related expenses not designated on the Expense Statement, Schedule A. Attach a schedule if necessary.

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4. **DO NOT** cross out or retitle lines on the forms. **DO NOT** include more than one amount per line. If more than one amount or journal entry is combined, submit an attachment with explanation.
5. Enter the ten(10) digit SRS provider number on page 1 and in the blank space provided at the top of each schedule. The ten (10) digit provider number assigned by SRS begins with a 4. **DO NOT** use your federal number assigned by the Department of Health and Environment.
6. Use the accrual method of accounting in reporting financial data. Revenues are reported in the period when earned, and not when received, and expenses are reported when incurred, not when paid.
7. Estimates of revenues and expenses are not acceptable.
8. All cost reports, historical or projected, must be for a period of 12 consecutive months except as provided in KAR 30-10-17. Providers who filed a projected cost report must file a historical report for the projection period and a historical report for the first calendar year following the end of the projection period.
9. All calendar year cost reports shall be received by the agency no later than the close of business on the last working day of February. All other historical cost reports covering a projection status period shall be received by the agency no later than the close of business on the last working day of the second month after the reporting period ends. The provider may request a one month extension of the due date by submitting the request in writing to the address in the submittal instructions within the time period allowed for filing the original cost report. The extension will be granted if the agency determines that the provider has shown good cause. NOTE: IF A COST REPORT IS RECEIVED AFTER THE DUE DATE WITHOUT AN APPROVED TIME EXTENSION, THE PROVIDER IS SUBJECT TO THE PENALTIES SPECIFIED IN KAR 30-10-17.
10. Each NF/NF-MH must maintain adequate accounting and/or statistical records. Inadequate recordkeeping is cause for suspension of payments. KAR 30-10-15b. If non-NF/NF-MH program expenses have been commingled with the NF or NF-MH, see the instructions for provider adjustments on Schedule A, Expense Schedule.
11. Reimbursement rates (per diem) for NF: The per diem rate of reimbursement for those facilities participating in the Kansas Medical Assistance program is based on the reported costs and resident days as adjusted by a desk review of the cost report and payment limitations. Each cost report is also subject to a field audit to arrive at a final settlement for the period upon which the per diem rate was based.
12. **KANSAS ADMINISTRATIVE REGULATIONS:** Copies of the regulations governing NF Kansas Medical Assistance reimbursement may be obtained at a cost by sending a request to the Department on Aging to the address given in the submittal instructions. **NOTE: SINCE THE REGULATIONS MAY BE CHANGED, THE PREPARER OF THE COST REPORT SHOULD CAREFULLY REVIEW THE MOST RECENT VERSION PRIOR TO COMPLETING THE FORM MS-2004 FOR SUBMISSION.**

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**COST REPORT INSTRUCTIONS****COVER PAGE****PROVIDER IDENTIFICATION:**

**Lines 11-19:** Complete these lines as indicated on the report form.

**Lines 21-25:** Check only one box.

Line 21 Check if the cost data is for the calendar year report period and does not include any portion of a projection period.

Line 22 Applies to projected cost reports for new providers that are not occupying a newly constructed facility.

Line 23 Applies only to projected cost reports related to newly constructed facilities. If a provider occupies a newly constructed facility they should check this box.

Line 24 Applies to providers filing historical cost reports for the same period as their projection year or the first year of operation for a change of provider.

Line 25 Applies only to providers in the process of converting from the projection period to the calendar year and the report period includes a portion of the projection period.

**Lines 26-32:** Check only one box. Check the type of business organization which most accurately describes your provider status or explain on line 32, Other.

**NF and NF-MH:**

**Lines 41-45:** Enter the number of licensed NF and NF-MH beds for the applicable category listed. If a change in the number of beds has occurred during the reporting period, show the increase or (decrease) and the date of the change. Total the categories on line 45. Attach a schedule if additional space is needed to show all changes in the number of licensed beds.

**Line 46:** **Total Bed Days** - If the number of beds throughout the year has not changed, the total number of bed days is computed by multiplying the number of beds times 365 (366 in leap years). If the number of beds change during the period, compute as shown in the example below:

Assume a home of 20 beds was increased on July 1 to 25 beds, the number of bed days for the period would be determined as follows:

January 1 to June 30 - 181 days x 20 beds = 3,620 bed days

July 1 to December 31- 184 days x 25 beds = 4,600 bed days

8,220 bed days for period

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**Line 48:** **Total Resident Days** - The total number of resident days shall be determined in accordance with KAR 30-10-28. A resident day means that period of service rendered to a resident between the census-taking hours on two successive days and all other days for which the provider receives payment, either full or partial, for any Kansas Medical Assistance or non-Kansas Medical Assistance resident who was not in the facility (KAR 30-10-1a). If both the admission and discharge occur on the same day, it shall count as a resident day. If the provider does not make refunds on behalf of a resident for unused days in the case of death or discharge, and if the bed is available and actually used by another resident, these unused days shall not be counted as a resident day. Any bed days paid for the resident before an admission date shall not be counted as a resident day. The total resident day count for the cost report period shall be accurate. An estimate of the days of care provided shall not be acceptable. The total resident days must agree with the 12 month total as submitted on the diskette of the Form AU-3902.

Day care and day treatment shall be counted as one resident day for 18 hours of service. The recipients of day care/treatment shall be listed on the monthly census summary diskette of the Form(AU-3903) with the number of hours reflected on the appropriate day column.

**Occupancy Percentage:** Agency staff will determine this percentage.

**Line 48a:** **Total Kansas Medical Assistance Days** - Enter the total number of Kansas Medical Assistance days reported on the diskette of the Form AU-3902 . Partial, as well as full paid days must be included (please refer to KAR 30-10-28).

**Line 48b:** **Total Medicare Days** - Enter the total Medicare days in the report period.

## OTHER FACILITY BEDS:

**Lines 49 & 50:** Enter the number of beds for the applicable category listed. Explain the category of beds if line 50, other, is used. If a change in the number of beds had occurred during the reporting period, show the increase or (decrease) and the date of the change. Attach a schedule if additional space is needed to show all changes in the number of licensed beds.

**Line 51:** Enter the total number of other residential days with shared NF/NF-MH costs. The total other residential days must agree with the 12 month total as submitted on the diskette of the Form AU-3903.

**Line 52:** Check the appropriate box regarding Medicare certified beds.

**Line 53:** Please indicate if the facility is a hospital based long term care (LTC) facility or a free standing facility.

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## SCHEDULE A - EXPENSE STATEMENT

**Attach a copy of the working trial balance used to prepare the cost report.**

**Total Annual Hours Paid - Column 1 -** Enter the total hours paid to the employees on each of the salary lines for the reporting period. Employees shall be reported on the appropriate salary line for their position classification.

**Per Books or Federal Tax Return - Column 2 -** Report the expenses reflected in the accounting records under the appropriate cost center (i.e., Administration, Plant Operating, Room and Board, Health Care, Ownership and Non-Reimbursable). The total of all the expense lines (Column 1 - Line 215) shall reconcile to the income tax return and/or the accounting records.

**Provider Adjustments - Column 3 -** Enter the necessary adjustments to the expenses reported in Column 2 that are not resident-related according to the regulations and/or offset expense recoveries reported in the Revenue Statement, Schedule G. Attach a schedule if necessary.

**Resident Related Expense - Column 4 -** Enter the difference between Column 2 and Column 3. Please complete Column 4 even if no adjustments were made in Column 3, except for lines 200 through 214.

**State Adjustments/Adjusted Resident Related Expenses - Columns 5 & 6 -** Leave blank - FOR AGENCY USE ONLY

### Expense Lines

**General:** All costs shall be reported on the designated expense lines. If all expense classifications are not addressed, report the amount on the line and in the cost center that most nearly describes the expense. For example, telephone expense is included in the Administration cost center. Therefore, the expense for telephone lines to the nurses' station shall not be reported in the Health Care cost center. See specific line instructions for more detail. **DO NOT CROSS OUT OR USE A LINE DESIGNATED FOR A PARTICULAR TYPE OF EXPENSE FOR SOME OTHER TYPE OF EXPENSE.**

The specific instructions, which follow, do not cover each line item of the expense statement, but are designed to cover items which may require additional explanation or examples.

**All Salaries - Lines - 101; 102; 103; 126; 142; 149; 154; 161; 162a, b; 163a, b, c; 171a, b, c, d, e, f, and 173a, b, c, d -** Salaries are compensation paid for personal services that were reported to the Internal Revenue Service (IRS). These lines, plus the owner/related party compensation lines, shall reconcile to your IRS 941 Report forms as adjusted by benefits or other bonuses.

Each facility must have a full time licensed administrator. Non-owner/related party administrator compensation shall be reported on line 101. Owner/related party administrator compensation shall be reported on line 107. A hospital-based long term care unit, under the jurisdiction of a hospital administrator, must report a percentage of the administrator's salary on line 101, and the salary of the staff person serving as an assistant administrator on line 102. Salaries and benefits of the administrator and co-administrator paid as central office costs shall be reported on lines 101 and 102.

Report the salaries of the Health Care Cost Center personnel on the most appropriate classification for lines 162, 163, 171, and line 173. Lines 171 a, b, c, d, e, f, are for reporting salaried employee therapists. **DO NOT REPORT CONSULTANTS ON THESE LINES.**

**Employee Benefits - Lines 104, 127, 141, and 164 -** Allocate employee benefits to the benefit lines in each cost center based on the percentage of gross salaries or the actual amount of expense incurred in each center. Employee benefits, if offered to substantially all employees may include, but are not limited to:

- 1) Employer's share of payroll taxes
- 2) State and federal unemployment contributions
- 3) Workers' compensation insurance

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- 4) Group health and life insurance
- 5) Employee "non-cash" gifts
- 6) Moving/relocation expenses
- 7) Employee retirement plans
- 8) Employee parties - except alcoholic beverages
- 9) Profit sharing
- 10) Physical examinations
- 11) Malpractice insurance that specifically protects employees. This shall be specifically identified on the insurance bill from the agent.
- 12) Employee Uniforms
- 13) Employee Meals

Employee benefits shall not include:

- 1) Employee cash bonuses and/or incentive awards - these payments shall be considered additional compensation and be reported on salary lines.
- 2) Benefits given to owner/related parties but not to substantially all employees - these benefits shall be treated as additional compensation and be reported on owner/related party compensation lines.

Employee benefits with restrictions include:

- 1) Employee benefits offered to select non-owner/related party employees shall be reported as a benefit in the cost center in which the salary is reported.

**Consultants** - Lines 106, 144, 166, 175 through 180 and 183. Consulting fees paid to related parties are subject to the restrictions of KAR 30-10-1a and KAR 30-10-23b (c)and(d).

Report fees paid to professionally qualified non-salaried consultants. List the titles of health care consultants reported on line 183.

**Owners and Related Party Compensation** - Lines 107, 128, 143, 165, 172 and 202 - Record the amount earned and reported to IRS for owner/related parties. In order to be allowed, the compensation must be paid within 75 days after close of the cost report period. The amount reported must be in agreement with entries made in Schedule C. Compensation may be included in allowable cost only to the extent that it represents reasonable remuneration for managerial and administrative functions, professionally qualified health care services and other services related to the operation of the nursing facility, and was rendered in connection with resident care. All compensation paid to an owner/related party shall appear on the appropriate lines above regardless of the label placed on the services rendered (See KAR 30-10-24).  
**NOTE:** Line 143 is for reporting owner/related party compensation for Dietary, Laundry and Housekeeping Services.

**"Other"** - Lines 118, 138, 148, 153, 158, 170, 188, 212 and 213 - "Other" or blank lines have been provided in each cost center. Types of expense entered on these lines shall be identified and be applicable to the cost center unless further restricted. Attach a schedule to the cost report if necessary. Failure to do so can cause unnecessary delay in the processing of your cost report.

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**Office Supplies and Printing - Line 105** - Report all office supplies, postage, duplicating and printing expenses on this line. The printing and duplicating of forms are considered to be an administrative expense and shall not be reported in any other cost center. **The exception to this rule is medical records forms which may be reported on line 168, Nursing Supplies.**

**Management Consultant Fees - Line 106** - Report fees paid to non-related party management consultants. If the management services company is owned or controlled by the company or person (s) that own or control the facility, actual cost of the management company must be reported as central office costs and/or owner's compensation. See instructions for reporting central office costs - line 108.

**Allocation of Central Office Costs - Line 108** - All providers with more than one facility and pooled administrative costs shall report allocated costs on line 108. All facilities, including the central office, must use the same reporting period. Central office costs shall be reported in accordance with KAR 30-10-27. **Attach a detailed schedule listing the central office costs and method of allocation to each facility.** Submit a copy of the Medicare Home Office Cost Report if applicable. The same method of allocation used on the Medicare Cost Report must be used in the Medicaid Cost Report.

Allowable central office costs are subject to the following conditions:

- ☐ Only expense allocations related to Kansas facilities will be allowed.
- ☐ Purchases from related-party vendors - Costs of resident-related goods and services supplied to the central office by related parties will be allowed at the lower of the cost to the vendor or the charge to the central office;
- ☐ Costs directly attributable to a specific provider or non-provider activity must be allocated directly to the entity for which they were incurred;
- ☐ Salaries of owner/related parties - Any of these costs that are included in central office costs must be reported on line 107;
- ☐ Central office bulk purchases of adult care home supplies - These expenses may be allocated to the supplies lines in the appropriate cost centers, if the allocation method is adequately documented; and
- ☐ Direct care consultants - Costs directly applicable to the room & board and health care cost centers may be reported on the applicable consultant lines in these cost centers.

**Telephone and Other Communication - Line 109** - Report routine telephone and communications expense on this line regardless of the department or cost center benefit.

**Travel - Line 110** - Report administrative and staff travel expenses that are related to resident care. **Vehicle costs must be documented by detailed expense and mileage records kept at the time of the travel activity.** Estimates shall not be acceptable. Exceptions:

- 1) Long term or recurring vehicle lease expense for business purposes shall be reported on line 192.
- 2) Expenses associated with the personal use of a vehicle are not allowable unless reported within otherwise allowable limits of compensation.
- 3) Costs related to "in town" entertainment are non-allowable.
- 4) Travel expenses related to **Provider** board meetings are non-allowable.
- 5) Resident transportation expense shall be reported on line 182.
- 6) Vehicle maintenance and repair shall be reported in the Plant Operating Cost Center.

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**Advertising - Line 111** - Report allowable advertising expense on this line. This line shall be used for employment advertisements and ads in telephone directories. Fund raising, public relations, advertising for resident utilization and sponsorships are not allowable and shall be reported on line 204.

**Licenses and Dues - Line 112** - Report allowable licenses and dues expense on this line. Refer to KAR 30-10-23a for non-reimbursable dues and membership costs. Personal automobile club memberships are not allowable unless reported as compensation.

**Accounting and Data Processing (DP) - Line 113** - Report accounting expense on this line, except fees paid to owner/related party firms or individuals which must be reported on the owners compensation line 107. Data processing expense related to financial management (i.e., accounting, payroll, budgeting, etc.) shall be reported on this line.

**Insurance - Line 114** - Report property and liability insurance expense on this line. Workers' compensation and employee health and life insurance expense shall be reported on employee benefit lines. The premium for "Key Employee" life insurance (when the corporation is made the beneficiary of the policy) is not an allowable expense, and shall be reported on line 205.

**Interest - Line 115** - Report the interest expense related to operating loans and equipment purchases. Submit copies of each new note of \$5,000 or more for the year originated. Interest on loans for real and personal property that is included in a rebase, in accordance with KAR 30-10-25e, shall be reported with real estate interest on line 191.

**Legal - Line 116** - Report allowable legal expense on this line, subject to KAR 30-10-1a, 23a, and 23b. Allowable fees paid to owner/related party firms or individuals must be reported as owner/related party compensation on line 107.

**Criminal Background Check - Line 117** - Report the amount expended for criminal background checks for all employees on this line.

**Other - Line 118** - Include amortization of administrative organizational and/or start-up costs. Also include resident related expenses for education of administrative staff.

**Real Estate and Personal Property Taxes - Line 121** - Report all real and personal property taxes on this line.

**Salaries - Line 126** - Report the hours paid and salaries of maintenance personnel who perform carpentry, mechanical, electrical, plumbing, heating, cooling and painting duties.

**Utilities Except Telephone - Line 129** - Report expenses for gas, water, electricity, heating oil, etc. Cablevision may be considered a utility or resident activity expense.

**Maintenance & Repairs - Line 130** - Report all maintenance and repair expenses applicable to the building, grounds, equipment and vehicles.

**Supplies - Line 131** - Report supplies expense incidental to the operation and maintenance of the building, grounds, and equipment.

**Small Equipment - Line 137** - Equipment purchases of \$500 to \$1,000 that were not capitalized must be expensed on this line. Equipment purchases of \$1 to \$499 may be reported in the cost center of benefit as a supply expense.

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**Other - Line 138** - Report miscellaneous expenses incidental to the operation and/or maintenance of the facility and grounds. These include but are not limited to trash hauling, snow removal and lawn care. This line shall be used for training and educational expense for employees with salaries reported in the Plant Operating Cost Center.

**Employee Benefits - Line 141** - Report total employee benefits associated with Dietary, Laundry and Housekeeping salaries.

**Food - Line 145** - Report all food costs. Nutritional supplements are to be included on line 168. The provider shall be required to keep records on the total number of meals served to residents, employees, guests, and outside programs. If the food expense for the employees, guests, and outside programs is included in the MS-2004 expenses, the expense should be offset against the dietary cost center as follows:

- A. Line 141 - Dietary Portion Employee Benefits
- Line 142 - Dietary Salaries
- Line 143 - Dietary Owner/Related Party Compensation
- Line 144 - Dietary Consultant
- Line 145 - Food
- Line 146 - Dietary Supplies
- Line 148 - Other

$\text{Total Dietary Cost} \div \text{Total Number of Meals Served} = \text{Cost Per Meal}$

- B. Cost per meal x number of meals served to employees, guests, and outside programs = amount of offset
- C. The cost of free employee meals shall be allocated and reported on employee benefit lines. If employees pay less than the cost for a meal, the difference between the meal revenue and cost may be reported as an employee benefit.

**Supplies (Dietary) - Line 146** - Report supplies expense directly related to the preparation and service of food to the residents unless further restricted by another expense line (i.e., printed menus are reported on line 105 - Office Supplies and Printing). Examples include but are not limited to paper goods, kitchen utensils, etc.

**Other (Dietary) - Line 148** - Report and specify miscellaneous expenses directly related to the preparation and service of food to the residents unless restricted by another expense line (i.e., all repairs and maintenance are plant operating costs). Dietary-related education and training expenses for employees whose salaries are reported on Line 142 - Dietary Salaries are also included on this line.

**Linen and Bedding Material - Line 150** - Report linen and bedding material expenses on this line.

**Laundry and Linen Supplies - Line 151** - Report all supplies expense directly related to laundry and linen services for the residents, unless restricted by another line.

**Other (Laundry) - Line 153** - Report all other expenses directly related to laundry and linen services for the residents unless restricted by another line. Report laundry related education and training expenses for employees reported in laundry salaries.

**Salaries (Housekeeping) - Line 154** - Report the hours paid and salaries of housekeeping and janitorial staff involved in floor care and in cleaning of the building.

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